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IN THE

Supreme Court of the United States

OCTOBER TERM, 1949.

No.

JULIUS HYMAN, *Petitioner,*

v.

VELSICOL CORPORATION, *Respondent.*

PETITION FOR WRIT OF CERTIORARI TO THE SUPREME COURT OF ILLINOIS AND BRIEF IN SUPPORT.

To the Honorable, The Chief Justice of The United States, and to The Associate Justices of The Supreme Court of The United States:

Julius Hyman, hereinafter called Petitioner, respectfully petitions that a writ of certiorari be issued to review the judgment of the Supreme Court of the State of Illinois, which reversed a judgment of the Appellate Court of the State of Illinois, First District, which in turn reversed a decree of the Superior Court of Cook County. This decree ordered Petitioner to assign and transfer to Respondent certain applications for United States Letters Patent, en-

joined Petitioner from using or disclosing the processes covered by these applications, and from using or disclosing any processes, formulas, products, methods, or techniques discovered by or made known to Petitioner while he was in the employ of Respondent.

OPINIONS BELOW.

The opinion of the Supreme Court of Illinois appears in the record. (R. 285). It has not as yet been officially reported. The opinion of the Appellate Court of Illinois appears in the record (R. 261) and is officially reported (338 Ill. App. 52). The decree of the Superior Court appears in the record (R. 81) and the Trial Court's written pronouncement overruling exceptions to the master's report appears in the record. (R. 84). These were not officially reported.

JURISDICTION.

This proceeding, for a mandatory and a prohibitory injunction, was filed in the Superior Court, Cook County, on October 15, 1946. (R. 1). It requested the relief granted by the master and the Superior Court. The judgment of the Appellate Court of Illinois reversing the decree of the Superior Court and directing dismissal of the complaint for want of equity was entered on June 20, 1949. (R. 259). Respondent filed a petition for leave to appeal which was allowed by the Supreme Court of Illinois on September 15, 1949. (R. 283). After entry of the judgment of the Supreme Court of Illinois, on February 11, 1950, and within the time allowed therefor, Petitioner filed a petition for rehearing (R. 301) which was denied on March 20, 1950. (R. 327). On March 22, 1950, the Supreme Court of Illinois ordered a stay of its mandate for a period of thirty days pending disposition of this petition for writ of certiorari in the United States Supreme Court. (R. 328). Jurisdiction of this Honorable Court is invoked under 28 U.S.C. § 1257, Subdivision 3.

STATEMENT OF THE CASE.

This suit involves four patent applications filed in Petitioner's name as inventor and now pending in the United States Patent Office of a value of $4 to $5 million. They include an insecticide which has been found to be the best for grasshopper control in the world. (R. 243-4, 294). It is many times more potent than DDT. (R. 138, 146).

The suit seeks a mandatory injunction requiring Petitioner to assign the applications to Respondent, and a prohibitory injunction perpetually restraining Petitioner from using or disclosing the processes covered by the applications to anyone other than Respondent, and from using or revealing any other process, formula, method or product discovered by Petitioner or disclosed to him while in Respondent's employ. (R. 1).

The Illinois Supreme Court found as facts that the patent applications are void. It ordered the full relief as prayed for and directed Petitioner to assign the applications to Respondent. (R. 285).

As a practical result of this holding, the insecticide in question may be manufactured only in Illinois, where Respondent's plant is located. (R. 6, 7).

Petitioner is a chemist with extensive training. (R. 100-1). In 1930 he believed that he had two patentable ideas relating to petroleum polymers, a by-product of gasoline refining (R. 102-3) and estimated that $100,000 would be required to finance the venture.

As a result of negotiations with a cousin, one Joseph Regenstein who financed the venture, Respondent company was formed in 1931 to exploit, manufacture and sell Petitioner's two ideas which were later patented. Respondent corporation was capitalized at $20,000. Petitioner received 20% of the stock in return for the assignment to Respondent of his two polymer patent applications. Petitioner was informed that his salary was to be $40 a week. (R. 104, 227, 231).

At the meeting at which the corporation was formed, one of Regenstein's attorneys asked Petitioner to sign a patent assignment agreement relating to future inventions. Petitioner refused stating that the determination that the company was to have only a $20,000 capitalization, that he was to receive only 20% of the stock and a salary of only $40 per week, made him unwilling to assign future inventions. (R. 116, 228, 231, 232).

The purpose of the formation of the corporation was restricted to the exploitation of the original two patent applications. (R. 150, 179). Respondent's principal witness, a director and officer of the Company so testified. (R. 179).

The company was entirely managed by Petitioner and Regenstein, Hyman carrying on the day-to-day management.

By 1943 Respondent corporation was a profitable venture. Net profits of about $300,000 before taxes were realized. (R. 226).

Up until 1943, Petitioner made a number of additional inventions in the field of petroleum polymers, many of which were used by the company. (R. 235). As Petitioner filed patent applications, he assigned them to the company. He testified that he did so not because of any legal obligation but because of his desire to make the venture a success. (R. 123, 234).

In the fall of 1943, because of Respondent's then assured success, Petitioner told Regenstein he would no longer assign inventions to the company unless some adjustment was made for his increased participation. (R. 123, 234). Regenstein said that something would be worked out to Petitioner's satisfaction. (R. 79). Petitioner then made additional assignments to Respondent. (R. 124, 204). Nothing was done to increase Petitioner's participation. (R. 125, 139, 267).

During the following year, 1944, Petitioner assigned and directed certain research work to three chemists employed by Respondent under Petitioner's direction. A product was

evolved known as "237", its laboratory number. (R. 135, 202, 210). It was recognized that it was probably an efficient insecticide. Two patent applications were filed and signed by the three chemist employees. They were assigned to Respondent. (R. 199, 210).

Testing of "237" showed that it was too volatile for practical purposes. Petitioner directed further experiments. (R. 136-8, 253). A formula known as "1068" was evolved which proved practical. Four applications including "1068" were filed in Petitioner's name, the last of these on February 16, 1946. (R. 137, 140-1, 197, 199). Applications were also filed in foreign countries. (R. 16, 18). Foreign patents have issued in 1946 and 1947.

These four applications are the subject matter of this suit. The Supreme Court of Illinois found that they did not cover an invention of Petitioner, stating:

> "We believe the record fairly establishes that a number of chemists employed by appellant, including appellee, had part in discovering or inventing the component parts of 1068 and other insecticides through laboratory tests and experiments conducted by appellant, and that 1068 cannot be said to result exclusively through the brain of appellee." (R. 294)

Respondent has marketed "1068" which has been in use by the public since 1946. (R. 18, 142, 144, 172).

Respondent demanded that Petitioner assign to it the applications covering "1068". Petitioner refused contending that he was under no obligation to do so (R. 144-5) and would not unless the promise to increase his participation was kept. (R. 217, 238). On September 13, 1946, Petitioner resigned from the company at Regenstein's request.

On October 15, 1946, this suit was filed. In one count of the complaint, Respondent relied upon a purported written agreement signed by Petitioner to the effect that he would assign all future patents to the company. In the other, it relied upon the facts and relationship of the parties as constituting the right to the relief sought. (Opin-

ion, R. 291). All of the allegations of the complaint were sworn to except the allegation that Petitioner had executed such an alleged written agreement. This was stated on "information and belief". (R. 10, 20).

This was the first time in the controversy that anyone charged that Petitioner entered into such an agreement. (R. 238). Respondent's witnesses admitted that they never saw Petitioner sign such an agreement, but they claimed they had seen such a document in Respondent's files. (R. 70, 171, 189).

The ordinary employees of Respondent did sign secrecy agreements. (R. 290). The top officers, such as Petitioner, did not. (R. 172, 186). Nowhere in the minutes of Respondent corporation is reference made to a secrecy agreement signed by Petitioner. (R. 176).

On February 26, 1947, an official publication of the United States Department of Agriculture carried a complete description of the structural and empirical formula for "1068". This publication is attached hereto as Exhibit "A".

THE OPINION OF THE SUPREME COURT OF ILLINOIS.

The Supreme Court of the State of Illinois granted the relief prayed for in Respondent's complaint. It ordered an assignment of the patent applications for "1068" which it had found to be void. It enjoined Petitioner perpetually from using or disclosing processes, formulas, methods or products covered by the applications for "1068" although there had already been public disclosure, use and sale of the product. It enjoined Petitioner perpetually from using or disclosing any process, formulas, method or products invented or made known to Petitioner during his employment by Respondent.

This sweeping injunction was ordered without regard to whether any of these processes were known to the public. Since Petitioner's experience for the past 15 years had been

in Respondent's employ, the injunction prevents him from effectively engaging in his profession as a chemist and destroys the career of a scientist of admitted ability.

The Supreme Court of Illinois in ordering the relief as prayed for did so on the finding that there was a secrecy agreement as alleged on information and belief. This finding was made in spite of the facts that the alleged agreement was not produced; the alleged attesting witnesses were not called by Respondent; no one testified that he had seen Petitioner sign such an agreement.

The Court below also inferred a confidential relationship between the parties which dictated the relief sought in spite of the fact that there had already been full public disclosure, use, and sale of "1068" and in spite of the fact that the Court found the patent invalid.

This holding effectively insulates Respondent from competition in manufacturing and marketing this important and valuable insecticide. Petitioner is obviously the only present competitive threat. Yet he is enjoined from competing in the marketing of a product already disclosed to the public and on which patent applications have been found void. The effect of the Supreme Court of Illinois holding is to render "1068" a duly patented process as to Petitioner alone while deciding that as to the rest of the world it is a free and open process. It is permitting Respondent to perpetrate a fraud on the federal patent laws and the public.

QUESTIONS PRESENTED.

1. Whether a state court, having found a patent application pending in the United States Patent Office void, may order an assignment of the application, thereby enabling a manufacturer to perpetrate a fraud against the federal patent laws and the public.

2. Whether, under color of the federal patent laws, a state court may insulate a corporation against competition from a former employee in the manufacture and sale of an

unpatentable product the process for which has been made public.

3. Whether a state court may deprive a man of his right freely to engage in his profession and thereby, contrary to the public interest, insulate a corporation from competition in the manufacture and sale of any of its formulas, processes, methods, or products regardless of whether they have been either disclosed to the public or patented.

4. Whether a state court may usurp the exclusive jurisdiction of the United States Patent Office and the federal courts to declare a patent application invalid.

REASONS FOR GRANTING THE WRIT.

1. The applications under consideration are valued at $4 to $5 million. They cover an insecticide many times more efficient than DDT and one of the most efficient now known. It has already been determined the most effective for grasshopper control. The Court below has insulated Respondent from competition in its manufacture and sale. Conflict on the questions presented under the federal patent laws is unlikely.

2. The Court below usurped the exclusive jurisdiction of the United States Patent Office and the federal courts to find the subject patent applications void. The holding enabled Respondent to insulate itself from competition and perpetrate a fraud against the federal patent laws and the public.

3. The Court below usurped the exclusive jurisdiction of the United States Patent Office and the federal courts to declare the subject patent applications void, and gave effect to this determination by ordering them assigned to Respondent.

4. The Court below deprived Petitioner of the constitutional right to engage freely in his profession. It did so by enjoining him from using or disclosing the subject matter

of the patent applications in question or any other processes made known to him while in the employ of Respondent with no regard as to whether any of the processes were a matter of public knowledge or patented.

5. In ordering the relief granted, the Court below has decided federal and constitutional questions of substance contrary to applicable decisions of this Honorable Court and contrary to the public policy of free and competitive access to technological skills and "know-how".

BRIEF IN SUPPORT OF PETITION.

I. The Importance of the Patent Questions Presented and the Improbability of Conflict.

It has been stated that the process under consideration is valued at $4 to $5 million, is many times more efficient than DDT, and is the most effective insecticide for grasshopper control. The Court below has prevented competition with Respondent's Illinois concern. Conflict on the questions presented under the federal patent laws is improbable.

Precedent for granting the writ is found in at least two cases. In *Muncie Gear Works* v. *Outboard Marine and Mfg. Co.*, 315 U. S. 759, 766, it was said:

> ". . . we granted certiorari in view of the questions presented and because the patent dominates a substantial portion of the industry so concentrated in the Seventh Circuit that litigation in other circuits, resulting in a conflict of decisions is unlikely."

Similarly in *Schriber-Schroth Co.* v. *Cleveland Trust Co.*, 305 U. S. 47, at 50, the Court said:

> "We later granted certiorari . . . notwithstanding the doubtful validity of the patents, litigation elsewhere with a resulting conflict of decision was improbable because of the concentration of the automobile industry in the Sixth Circuit."

Furthermore, this Court will not be limited even where the federal questions were not sharply articulated below. As was stated in the *Muncie Gear Works* case, *supra*, at 768:

> "We think the conclusion is inescapable that there was public use, or sale, of devices embodying the asserted invention, more than two years before it was first presented to the Patent Office. We are not foreclosed from a decision under Section 4886 on the point by the obscurity of its presentation in the courts below. This issue has been fully presented to this Court by the petition for a writ of certiorari and in subsequent briefs and argument; and there is not the slightest indication that respondents have been prejudiced by such obscurity. To sustain the claims in question upon the established and admitted facts would require a plain disregard of the public interest sought to be safeguarded by the patent statutes, and so frequently present but so seldom adequately represented in patent litigation."

II. The Court Below Improperly Usurped the Jurisdiction of the Patent Office and the Federal Courts to Enable Respondent to Perpetrate a Fraud Against the Patent Laws and the Public.

That the determination of patent questions rests solely in the jurisdiction of the United States Patent Office and the federal courts needs no citation of authority.

When a state court invades such exclusive federal jurisdiction and gives effect to the invasion by enabling a litigant to achieve an imposition on the public contrary to federal law, this Honorable Court has exercised its jurisdiction. In the following cases, this Honorable Court has reviewed decisions of state courts to avoid a result contrary to federal policy. There are many others:

Anderson v. *Carkins,* 135 U. S. 483
Nutt v. *Knut,* 200 U. S. 13
Illinois C. R. Co. v. *McKendree,* 203 U. S. 514
Sylvester v. *State of Washington,* 215 U. S. 80

Ferris v. *Frohman*, 223 U. S. 424
St. Louis I. M. and S. R. Co. v. *Starbird*, 243 U. S. 592
Cf. *Sola Electric Co.* v. *Jefferson Electric Co.*, 317 U. S. 173, involving the federal patent statutes.

In the *Nutt* case, *supra*, 200 U. S. at 18, the Court said:

> "A party who insists that a judgment cannot be rendered against him consistently with the statutes of the United States may be fairly held, . . . to assert a right and immunity under such statutes, although the statutes may not give the party himself a personal or affirmative right that could be enforced by direct suit against his adversary. Such has been the view taken in many cases where the authority of this court to review the final judgment of the state courts was involved."

In the *Anderson* case, *supra*, 135 U. S. at 485:

> "Hence the jurisdiction of this court cannot be doubted. Murdock v. Memphis, 20 Wall. 590. It is immaterial that the state court considered the case to be within the provisions of certain state statutes. The grasp of the federal statute must first be released. The construction and scope of that are federal questions . . ."

The holding below has reached a result contrary to federal law and policy. The Court found that Petitioner did not invent "1068". It was the invention of "a number of chemists". A patent issued to one person when in fact the process was invented by more is void. *Atlantic Works* v. *Brady*, 107 U. S. 192. The rule was stated in *Shreckhise* v. *Ritchie*, 160 F. (2d) 593 (4th Cir. 1947) at 595:

> "It is well settled that . . . patents can be granted only to the true inventors of the invention and must be issued in the name of all of the inventors; . . . when a patent is issued to one person for something which was jointly invented by several the patent is invalid."

There has been public disclosure, use and sale of "1068" for more than one year. The statute of limitations has

run against the various inventors to make joint application. The statute reads in part (35 U.S.C. § 31):

> "A person who has invented or discovered any new and useful art . . . not in public use or on sale in this country for more than one year prior to his application . . . may . . . obtain a patent therefor."

Disclosure and public use and sale for longer than the statutory period consists in:

1. The publication of the structural and empirical formula in Exhibit "A";

2. Public use and sale since 1946;

3. Applications requiring the fullest description filed here and abroad in 1945 and 1946;

4. Issuing of foreign patents in 1946 and 1947.

Smith and Griggs Mfg. Co. v. *Sprague*, 123 U. S. 249
Andrews v. *Hovey*, 123 U. S. 267
International Tooth-Crown Co. v. *Gaylord*, 140 U. S. 55
General Electric Co. v. *Wabash Appliance Corp.*, 304 U. S. 364.

Nor can the subject application be cured by amendment. The United States Patent Office does not allow an application filed by one as the inventor to be amended to include other inventor-applicants. *Ex Parte Benes* (1925) C.D. 75; 399 O.G. 499. *A fortiori*, this is true when the subject matter of the applications has been publicly known for more than a year (35 U.S.C. § 31).

"1068" is thus in the public domain. This Honorable Court has many times held that a process in the public domain may be marketed and sold by anyone. *Kellogg Co.* v. *National Biscuit Co.*, 305 U. S. 111; *Singer Mfg. Co.* v. *June Mfg. Co.*, 163 U. S. 169. The Court below, however, has held that Petitioner may not market and sell "1068". Thus Respondent, under color of the patent laws, is effec-

tively and perpetually insulated against competition from its strongest competitive threat. Petitioner is familiar with the process and could bring it to the public in a competitive market. In the *Muncie Gear Works* case, *supra*, page 9, the Court granted certiorari to cure such a ". . . plain disregard of the public interest sought to be safeguarded by the patent statutes . . ." (315 U. S. at 768).

III. The Court Below Gave Further Effect to Its Usurpation of Exclusive Federal Jurisdiction by Ordering Assignment of Void Patent Applications.

The Court below ordered this action contrary to a controlling decision of this Court which held such an order improper and contrary to the public policy of the patent laws. *Kennedy* v. *Hazelton*, 128 U. S. 667, was a suit similar to the one at bar asking specific performance of a written contract to assign future patents. The patent was found void. It was said:

> "A court of chancery cannot decree specific performance of an agreement to convey property which has no existence, or to which the defendant has no title.
>
> * * *
>
> "A patent which is not supported by the oath of the inventor but applied for by one who is not the inventor, is unauthorized by law and void, and, whether taken out in the name of the applicant or of any assignee of his, confers no rights as against the public.
>
> * * *
>
> ". . . its only possible value or use to the plaintiff would be to enable him to impose upon the public by asserting rights under a void patent". (128 U. S. at 669-70).

As a further matter the Court below erred in directing specific performance of an alleged written contract. No document was produced, no attesting witnesses appeared; Respondent's witnesses denied having seen Petitioner execute it. The holding is directly contrary to the holding of

this Court which requires "clear and satisfactory" proof before ordering specific performance of an alleged contract to assign future inventions. *Dalzell* v. *Dueber Watch-Case Mfg. Co.*, 149 U. S. 315, 325.

IV. The Injunction Below Restraining Petitioner from Using or Disclosing "1068" or Any Other Process, Formula, Method or Product Discovered by or Made Known to Petitioner While in Respondent's Employ Unconstitutionally Deprives Petitioner of His Right to Practice His Trade and is Contrary to Public Policy.

The right of a man to practice freely a trade or profession is safeguarded by the Constitution. It is held that interference with that right is an unconstitutional deprivation of liberty. *Allgeyer* v. *Louisiana*, 165 U. S. 578; *Smith* v. *Texas*, 233 U. S. 630.

The order of the State Court below is such an invasion. It has been demonstrated that "1068" is in the public domain. Anyone has the right to manufacture and sell it. The Court below, however, has deprived Petitioner of that right through its order.

An injunction against disclosure of an unpatented process will issue only where the process is a secret, not where it has been disclosed. *DuPont de Nemours Powder Co.* v. *Masland*, 244 U. S. 100; *American Dirigold Corp.* v. *Dirigold Metals Corp.*, 125 F. (2d) 446 (6th Cir., 1942); *DiFilippis* v. *Chrysler Corp.*, 53 F. Supp. 977 (S.D.N.Y. 1941); *Smoley* v. *New Jersey Zinc Co.*, 24 F. Supp. 294 (D.N.J. 1938). In the *Smoley* case the rule was stated at 300:

> "A duty not to use an idea already known cannot be created by virtue of the fact that one makes a confidential disclosure of that idea. Masland v. DuPont de Nemours Powder Co., 3 Cir., 224 F. 689, 693, reversed on other grounds, 244 U. S. 100, 37 S. Ct. 575, 61 L. Ed. 1016. If the rule were not so restricted it is obvious that by disclosing an idea under delusions of confi-

dence, the person making the disclosure could thereafter prevent the confidante from subsequently making use of it, even though the idea was well-known prior to the date of the disclosure and open to the use of all others in the world."

The Court below went further. It not only restrained Petitioner from using or disclosing "1068" which is in the public domain. It enjoined Petitioner from using *any* product, process, formula, or method discovered or made known to Petitioner during his 15 years employment by Respondent. This was ordered without regard to whether any or all of these processes are in the public domain. The injunction obviously prevents Petitioner from practicing his profession since the record shows that the major part of his experience, 15 years, was gained during his employment by Respondent. This is an unconstitutional deprivation of liberty which should be corrected by this Honorable Court—particularly in view of the uncontradicted potential of Petitioner to contribute to public knowledge and welfare in the field of chemistry.

The Court below has done more than unconstitutionally deprive Petitioner of his trade and to subvert the federal statutes by protecting Respondent from competition in the use and sale of the process "1068" and other products already in the public domain.

It has raised other important questions which have not been decided by this Honorable Court. On the basis of scanty evidence it determined to enjoin Petitioner from using or disclosing any processes invented by him or made known to him while he was in Respondent's employ. It restricted the production of the insecticide in question and all of Respondent's other processes and granted to Respondent a monopoly.

A circuit court has recently stated that injunctions restricting the use of so-called trade secrets and tying up "know-how" are contrary to public policy. *Reynolds Metals Co.* v. *Skinner*, 166 F. (2d) 66 (6th Cir. 1948). But

a decision by this Honorable Court definitively establishing the lengths to which a resourceful corporation may go to monopolize "know-how" under the guise either of the federal patent laws or so-called secrecy agreements, written or inferred, is not to be found. As this Honorable Court has set the pattern for a strict construction of the patent monopoly, so, we respectfully suggest, should it set the pattern for widespread utilization of "know-how". This Court has declared in *Scott Paper Co.* v. *Marcalus Mfg. Co.*, 326 U. S. 249, 255, that the overriding patent policy is

> ". . . full disclosure for the benefit of the public of the manner of making and using the invention . . ."

With respect to "know-how" in a highly mechanized and complex industrial society, a similar over-riding policy of disclosure should be evolved. Certainly a chemist of Petitioner's admitted ability should not be restrained from bringing to the public the results of his work in the absence of certain and definitely proved agreements to the contrary. Such agreements have not been shown in this case. The lower court inferred them. The practical result of the lower court's holding has been to grant to Respondent a monopoly in this important field contrary to public policy. We submit that this Honorable Court should review the problem of restricting "know-how". It has perhaps become more important than the use of the patent monopoly itself in the ever-increasing concentration of productive facilities. This case presents an appropriate opportunity for the Court to consider the problem.

CONCLUSION.

The subject matter of this litigation is an important one involving the federal statutes. Conflict is improbable. The Court below has invaded exclusive federal jurisdiction and given effect to the invasion by enabling Respondent to subvert the policy of the federal patent laws. It has further unconstitutionally taken from Petitioner the right to prac-

tice his profession. The decision below has decided these questions and contributed to the ability of resourceful corporations to control and restrict the use and development of technological skills and "know-how" contrary to public policy.

WHEREFORE, it is respectfully submitted that this petition should be granted.

THURMAN ARNOLD,
WILLIAM G. BLOOD,
BYRON R. WHITE,
Attorneys for Petitioners.

April 19, 1950.

IN THE

Supreme Court of the United States

OCTOBER TERM, 1949.

No. 767.

JULIUS HYMAN, *Petitioner,*

v.

VELSICOL CORPORATION, *Respondent.*

On Petition for a Writ of Certiorari to the Supreme Court of Illinois.

PETITIONER'S REPLY TO BRIEF OF RESPONDENT IN OPPOSITION.

Respondent in its argument in opposition to Petition for Certiorari misconceives the case as we view it. Its argument is based on the proposition that no federal question is presented. But by implication Respondent concedes a fact which is obvious from the record: that the Supreme Court of Illinois found and held that Petitioner had not invented the insecticide on which he made application for the patents which are in issue here.

The actual finding of the Court is as follows:

> "We believe the record fairly establishes that a number of chemists employed by appellant, including appellee, had part in discovering or inventing the component parts of 1068 and other insecticides

> through laboratory tests and experiments conducted by appellant, and that 1068 cannot be said to result exclusively through the brain of appellee." (R. 294)

Respondent attempts to avoid the effect of that finding by saying that it was not material to the decision and further, that the Supreme Court of Illinois had no jurisdiction to make it.

It cannot be said that the finding was not material for the following reasons: The lower court had decreed the assignment of the patent applications to Respondent, treating them as valid. The Supreme Court of Illinois trespassed on federal jurisdiction by a positive finding of lack of invention based on a review of all the evidence. It might be argued that this in itself did not raise a federal question had the Supreme Court of Illinois remanded the case to the lower court to change its decree with respect to the assignment of the patent. This, however, the Supreme Court of Illinois did not do. It affirmed the decree requiring the assignment of the patent applications in the face of its own finding that the applicant was not the inventor. This is an affirmative act on the part of the Supreme Court of Illinois which enables the Respondent to perpetrate a fraud against federal law and the public. Respondent by the decree of the Supreme Court of Illinois is now protected from effective competition by an assignment of patent applications ordered by the Supreme Court of Illinois in spite of a finding of fact that there was no invention.

The patents in question are tremendously important. They affect a large section of the nation's agricultural economy. The Supreme Court of Illinois has reviewed the evidence. Its finding is that there are no patent rights here which can be lawfully assigned. By its mandate it puts Respondent in a position to obtain a monopoly in violation of the patent laws at least for a substantial period of time by insulating Respondent from lawful competition.

On the face of the finding of the court Petitioner's process is now in the public domain. No one can now perfect

another patent application on it. The question is therefore presented whether a state court, knowing that a patent or a patent application is void may, nevertheless, enter a decree which gives the manufacturer of the article federal patent protection.

In the light of the decree compelling the assignment of the patent applications which the Supreme Court of Illinois has affirmed, we insist that the finding of no invention cannot be treated as a mere dictum which does not raise a federal question. This is not a case of a decree which merely assigns an invalid property right which affects only the parties to the action. The decree here is contrary to the public interest which the patent laws seek to serve. It affects competition throughout the insecticide field. It extends the protection of the patent laws by affirmative judicial order to areas which they were not intended to cover.

For these reasons we believe that this Honorable Court should grant the Petition.

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IN THE

Supreme Court of the United States

OCTOBER TERM, 1949.

No. 767

JULIUS HYMAN,

Petitioner,

vs.

VELSICOL CORPORATION,

Respondent.

ANSWER TO PETITION FOR WRIT OF CERTIORARI.

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Section 1257(3), Title 18, U. S. Code 2

IN THE

Supreme Court of the United States

OCTOBER TERM, 1949.

No. 767.

JULIUS HYMAN,

Petitioner,

vs.

VELSICOL CORPORATION,

Respondent.

ANSWER TO PETITION FOR WRIT OF CERTIORARI.

To the Honorable, The Chief Justice of The United States and The Associate Justices of The Supreme Court of The United States:

Velsicol Corporation, respondent, presents this answer to the petition of Julius Hyman for writ of certiorari to the Supreme Court of Illinois.

The case presented to this Honorable Court by the petition is not the case presented to the Illinois courts. The attempt of petitioner is to frame new issues to give this Court jurisdiction to review the judgment of the Illinois Supreme Court.

OPINION BELOW.

The opinion of the Supreme Court of Illinois is officially published at page 352 of Volume 405 of its reports. It also appears in 90 N. E. 2d 717.

JURISDICTIONAL REQUISITE LACKING.

No question is presented by the record in this case which this Court will review. The validity of a treaty, statute of the United States or statute of Illinois is not drawn in question in this case nor is there involved any title, right, privilege or immunity set up or claimed under the Constitution, treaties or statutes of the United States. The conditions for review by certiorari of a decision of a court of last resort of a state prescribed by Section 1257(3) of Title 18, United States Code, are absent.

The case here is a suit in equity by Velsicol Corporation, respondent, for relief from invasion by Julius Hyman, petitioner, of respondent's property rights in certain trade secrets and inventions and patent applications relating thereto. The basis for relief stated in the complaint is two-fold. It is alleged that respondent is entitled to a decree by reason of a written agreement executed and delivered to respondent by petitioner providing that in consideration of his employment by respondent and of the salary paid to him from time to time, all discoveries and inventions made by him in the course of his employment and all patent rights in relation thereto would be the absolute property of respondent, and that he would keep secret for the sole use of respondent, during and after the time of

his employment, all discoveries and inventions made by him and all formulas or processes disclosed to him or learned by him while in the employ of respondent. The form of agreement signed by petitioner is quoted in full in the opinion of the Supreme Court of Illinois. (R. 289-290.) It was also alleged that respondent is entitled to relief by reason of the rights and obligations arising, under well-established and oft-repeated principles of equity jurisprudence, out of the relations of the parties and the course of their dealings with each other over a period of fifteen years, and that petitioner's fiduciary relations with respondent barred him from taking a position adverse to respondent with respect to the ownership of the "Velsicol 1068" patent applications here in dispute and the inventions which they cover. (R. 1-20.) The Supreme Court of Illinois held that respondent was entitled to recover under either or both theories. (R. 298.)

This Court described the situation at bar perfectly when it said in *Murdock* v. *City of Memphis*, 20 Wallace 590, 638:

> "The claim of right here set up is one to be determined by the general principles of equity jurisprudence, and is unaffected by anything found in the Constitution, laws, or treaties of the United States. Whether decided well or otherwise by the State court, we have no authority to inquire."

Petitioner did not by his answer to the complaint in the Superior Court of Cook County, Illinois, present any defense under the Constitution or statutes of the United States. His answer admitted the facts showing the relations of the parties and his course of conduct as the director of research in respondent's laboratories and the general manager of respondent's business and affairs, but he denied that he had expressly agreed to protect plaintiff in its property rights in discoveries and inventions made by him in the course of his employment and to assign pat-

ent applications relating thereto, and he denied that he was under obligation to assign the patent applications here in dispute by reason of his position of trust and confidence and his course of dealing with respondent. (R. 20-35.) In his exceptions to the Master's report petitioner did not suggest that the findings against him impaired any statutory or constitutional right, state or federal. (R. 46-57.) The opinion of the chancellor on the hearing (R. 84-95) and on the rehearing (R. 96-99) does not disclose that any questions were presented for decision except questions to be determined by general principles of equity jurisprudence. The Supreme Court of Illinois will not consider a constitutional question where it does not appear affirmatively from the record that the question was presented to and decided by the trial court. *People* v. *Board of Education*, 399 Ill. 204, 210; *Zelney* v. *Murphy*, 387 Ill. 492, 496.

By his notice of appeal to the Appellate Court of Illinois from the decree of the Superior Court, petitioner presented no question arising under the Constitution, treaties or statutes of the United States. (R. 82-83.) By appealing to the Appellate Court he waived any constitutional question that might have been presented on the record. *People* v. *Parker*, 396 Ill. 583, aff'd 333 U. S. 571; *City of Edwardsville* v. *Central Union Telephone Co.*, 309 Ill. 482, aff'd 269 U. S. 190.

The opinion of the Supreme Court of Illinois shows clearly that no federal question was presented for decision by the brief of petitioner in that Court. (R. 285-298.) Petitioner sought by his petition for rehearing in the Supreme Court of Illinois to present for the first time the question that the decree of the Superior Court had deprived him of his liberty and property without due process of law in violation of Amendment XIV of the Constitution of the United States and that the decree requiring petitioner to assign to respondent the patent applications here in dis-

pute contravenes the patent clause of the Constitution and the patent statutes of the United States. (R. 303-304.) Questions raised for the first time in a petition for rehearing will not be considered by the Supreme Court of Illinois. *Hamann* v. *Lawrence*, 354 Ill. 197, 207; *Gaines* v. *Williams*, 146 Ill. 450, 459.

It is settled law that this Court will not review a judgment of a state court except where the record shows affirmatively that a federal question was raised by the pleadings or on the trial, and was presented to the state court for decision, and was actually decided or that the judgment as rendered could not have been given without deciding it. (*Honeyman* v. *Hanan*, 300 U. S. 14, 18; *Hulbert* v. *Chicago*, 202 U. S. 275, 279; *Jacobi* v. *Alabama*, 187 U. S. 133, 135.) The observation of this Court in the *Honeyman* case, "In the entire progress of the cause to this point of determination by the highest court of the State, the record discloses no reference to a federal question", describes the situation at bar.

This record shows clearly that the decisions of the Illinois courts, from the trial court to the Supreme Court, rested solely on independent state grounds. Where this is the state of the record this Court will not review the judgment of a state court. *Herb* v. *Pitcairn*, 324 U. S. 117, 125; *Southwestern Bell Telephone Co.* v. *Oklahoma*, 303 U. S. 206, 212; *Lynch* v. *New York*, 293 U. S. 52, 54; *Enterprise Irrigation District* v. *Canal Co.*, 243 U. S. 157, 163-5; *Brown* v. *Atwell*, 92 U. S. 327, 329; *Klinger* v. *Missouri*, 13 Wall. 257-262; *Crowell* v. *Randall*, 10 Peters, 368, 391.

In the *Herb* case this Court said (324 U. S. 125):

> "This Court from the time of its foundation has adhered to the principle that it will not review judgments of state courts that rest on adequate and independent state grounds. [Authorities.] The reason is so obvious that it has rarely been thought to warrant

statement. It is found in the partitioning of power between the state and federal judicial systems and in the limitations of our own jurisdiction. Our only power over state judgments is to correct them to the extent that they incorrectly adjudge federal rights. And our power is to correct wrong judgments, not to revise opinions".

In the *Southwestern Bell Telephone Company* case this Court said (303 U. S. 212):

> "We have repeatedly held that it is essential to the jurisdiction of this Court in reviewing a decision of a court of a State that it must appear affirmatively from the record, not only that a federal question was presented for decision to the highest court of the State having jurisdiction but that its decision of the federal question was necessary to the determination of the cause; that the federal question was actually decided or that the judgment as rendered could not have been given without deciding it."

The belated attempt to raise a federal question on a petition for rehearing in the Supreme Court of Illinois, even if the question could have been presented for decision at that point, would not be sufficient to give this Court jurisdiction for review. In *Brown* v. *Atwell*, 92 U. S. 327, which involved questions pertaining to the ownership of a patent, it was attempted to patch up the record by getting a certificate of the Court of Appeals of New York to the effect that application of the patent statute was involved, and this Court held that the decision of the state court rested independently upon the application of principles of general law and not of patent law alone, saying (p. 329):

> "We have often decided that it is not enough to give us jurisdiction over the judgments of the State courts for the record to show that a Federal question was argued or presented to that court for decision. It must appear that its decision was necessary to the determination of the cause, and that it was actually

decided, or that the judgment as rendered could not have been given without deciding it."

It appears clear that this Court is without authority to review the judgment of the Supreme Court of Illinois and that the petition should be dismissed on that ground.

STATEMENT OF THE CASE.

This Court is entitled to an honest and intelligible statement of a case presented to it for review. Petitioner's statement is incomplete, inaccurate and misleading.

Respondent was organized under the laws of Illinois in January, 1931, to invent, develop, produce and market chemicals of all kinds. (R. 106.) It has now and has always had three stockholders,—Julius Hyman, Arvey Corporation and Transo Envelope Company. Joseph Regenstein, the president of respondent, is not and has never been a stockholder. Julius Hyman, petitioner, was a director and vice president and the day to day operations of respondent were under his exclusive direction and control from the time of its organization until he voluntarily resigned in September, 1946. (R. 110, 154, 180, 257.) The relations of the parties were stated by petitioner in a verified application to the Salary Stabilization Unit of the Treasury Department in February, 1944, which is quoted by the Illinois Supreme Court. (R. 293-294.)

In seeking financial aid in the establishment of a research laboratory for conducting research and experiments in the field of chemistry, petitioner represented to the officers of Arvey and Transo that the field for chemical research with relation to petroleum refining by-products was wide open and that there were great possibilities for developing commercial uses for these by-products. (R. 152, 178.) One

of the conditions of the financing of this speculative venture was that all employees of the corporation to be formed would be required to sign an agreement of the character petitioner had signed when he worked for Transo in its laboratory in 1926, which would protect respondent in its property rights in all discoveries and inventions made in the course of the employment. (R. 179-180.) All employees of respondent, including petitioner, signed such an agreement. (R. 155, 181, 192, 246, 298.) The agreement signed by the first research chemists employed, including petitioner, is set forth in the opinion of the Illinois Supreme Court (R. 289), as well as the agreement signed by petitioner at the same time with Transo. (R. 288.) The agreements between respondent and its employees were under the control of the petitioner in the offices of respondent. (R. 132, 207.) After petitioner resigned, the agreement between him and respondent could not be found. (R. 184.)

When respondent was organized it was contemplated that it would license the use of its processes and products (R. 152), and it was not contemplated that it would do any manufacturing. (R. 157, 192.) During the first six years of its existence its activities were confined to research and experimentation. (R. 118, 256.) In 1936 a manufacturing plant was erected to produce for market solvents, saturants, resins, insecticides and other products of hydrocarbon oils, some of which were covered by respondent's patents. (R. 119.) Arvey and Transo furnished the money to meet operating deficits and capital outlays. At the end of 1939 respondent owed its majority stockholders in excess of a half million dollars. (R. 120, 158, 173.) Annual operating deficits continued until 1942. (R. 226.) During the war years respondent began to show some profit. At the end of 1945 it had accumulated, according to its books, an earned surplus of $162,388.37. (Def. Ex. 18.) During all of the period while the majority stockholders were advancing the

large sums of money to meet respondent's operating deficits petitioner's salary was increased from year to year (R. 126) until he was paid, in 1946 when he resigned, at the annual rate of $31,200. (R. 247.)

The laboratory staff of respondent was increased from time to time under the direction of petitioner until there were employed by respondent in its laboratory in excess of fifty research chemists, chemical engineers, technicians and other personnel (R. 127), and respondent was expending annually in excess of $200,000 in the maintenance and operation of its research laboratory. (R. 7, 25.) From time to time discoveries and inventions were made by respondent's laboratory employees and applications for letters patent were filed covering these discoveries and inventions. (R. 10-14.) Thirty-nine of the applications filed prior to July, 1945, were filed by the petitioner as the inventor (R. 116-117, 121-122) and one by petitioner and Peters as co-inventors. (R. 123.) In every instance, from the organization of respondent to July, 1945, an assignment to respondent of the application was executed by the applicant at the same time he signed the application (R. 12-13) and these assignments were duly recorded in the Patent Office and then were returned to petitioner as the executive head of respondent, together with a conformed copy of the patent application, for safekeeping. (R. 196, 251.)

The petitioner had complete and exclusive control of the preparation, filing and assigning of patent applications throughout the period of his employment by respondent and he was the only person financially interested in respondent who had any contact with respondent's patent attorney with respect to inventions and applications for patents (R. 130, 195, 251) and the only person financially interested in respondent who had any knowledge of chemistry. (R. 126, 179, 188, 192.) Eight of the forty patent applications which petitioner assigned to respondent in the

period August, 1931, to July, 1945, covered insecticides. (R. 12-13.)

Between August, 1944, and March, 1945, extensive research was conducted in respondent's laboratory relating to cyclopentadiene reactions, and in the course of this work a new composition of matter not previously known was discovered. (R. 137, 210.) This product was known as "237", its laboratory number. March 2, 1945, an application for United States letters patent was executed by Herzfeld, Lidov and Bluestone, research chemists employed by respondent, and the application was immediately assigned to respondent. (R. 210.) This application was filed March 5, 1945, as Serial No. 581172. Thereafter, on January 5, 1946, a broadened application, Serial No. 639416, was filed by the same chemists as co-inventors and it was duly assigned to respondent. (R. 199.)

Petitioner, as executive vice president, knew of the discoveries covered by these applications, of the preparation and filing of the applications, and of their assignment to respondent. (R. 140.) His knowledge of this composition of matter, of its probable utility as an insecticide, and of the method of producing it was acquired by him from respondent's employees in the course of his employment as the operating head of respondent. (R. 137, 197, 210.) He was constantly advised of the progress of the research. (Pltf. Exs. 74 to 81.) It was after "237" was discovered that the course of conduct was commenced by petitioner which resulted in this litigation.

The testing of "237" showed that it was effective as an insecticide but that it was too volatile for practical purposes, and petitioner, as was his duty, directed further research in respondent's laboratory for the purpose of stabilizing the product and making it more useful and effective. (R. 136, 253.) At the suggestion of petitioner, "237" was chlorinated and its toxicity and stability were

greatly increased. The empirical formula of "237" is $C_{10}H_8Cl_6$. The empirical formula of the chlorinated product is $C_{10}H_6Cl_8$, and the product became known as "1068", which is the combination of the sub-numerals of the formula. (R. 137-138.) As the inventor, petitioner filed an application for United States letters patent July 25, 1945, Serial No. 607078, covering this new composition of matter "1068". (R. 137, 197.) A second application with broadened terms, was filed January 26, 1946, as Serial No. 643759, and a third and a fourth related application February 16, 1946, as Serial Nos. 648204 and 648205. (R. 140, 199.) These Hyman applications covering "1068", which are the applications here in dispute, make specific reference to the Herzfeld-Lidov-Bluestone applications covering "237" by serial numbers, filing dates and the names of the inventors. (R. 199.) Under petitioner's directions the trade-mark "Velsicol" and the trade-mark "1068" were registered and the new insecticide was advertised and became known in the trade as "Velsicol 1068". (R. 242.) Respondent, under petitioner's directions, expended in excess of $150,000 in testing, proving, developing and advertising the new insecticides and in preparation to manufacture them. (R. 142.)

Petitioner immediately after his resignation in September, 1946, began the organization of a new company to produce insecticides by respondent's formulas and methods and in November Julius Hyman & Company was organized. Shortly thereafter it leased a plant and began operations near Denver, Colorado. (R. 100.) At the time of his resignation petitioner made an announcement to the laboratory staff of respondent designed to cause and which did cause dissension and disloyalty. (R. 127, 212, 253.) He admits that he personally solicited some of respondent's employees to leave it and join him in competition with it. (R. 133.) Many of respondent's key employees, including those who had intimate knowledge of the se-

crets of the insecticides covered by the applications and of the methods of manufacturing these insecticides, and the consultants who had been retained by respondent in testing and exploiting these insecticides, yielded to these solicitations by petitioner and his confederates and joined Julius Hyman & Company. (R. 127, 132, 184, 252.)

This brief summary of the facts shows beyond point of dispute that the claim of right asserted by respondent and denied by petitioner is one to be determined by the general principles of equity jurisprudence and is unaffected by anything found in the Constitution, statutes or treaties of the United States.

QUESTIONS PRESENTED.

All of the "questions presented" rest on the unsupported assumption that the applications for United States letters patent here involved are void and this assumption in turn rests upon the false claim that the Supreme Court of Illinois found and determined that petitioner is not the sole inventor of "1068".

The complaint alleges and the answer admits that Julius Hyman, petitioner, is the inventor of "1068" and that he is the proper party applicant for letters patent. The case was tried on the theory that these were valid applications and that petitioner had legal title to them. The issue was whether petitioner held these applications in trust for respondent and was bound by contract and by his fiduciary relations with respondent to assign these applications to respondent. As petitioner stated in his exceptions to the Master's report (R. 55), "Plaintiff's cause of action necessarily admits Hyman to be the inventor of the inventions covered by said Hyman applications. The jurisdic-

tion of this Court extends only to the determination of the ownership of said Hyman applications". This has been the position of both parties throughout the course of this litigation and there has never been any issue as to inventorship. The Supreme Court of Illinois had no jurisdiction to determine the question of inventorship nor of patent validity and it made no attempt to determine it. Petitioner distorts the language used in one sentence of the opinion in an effort to frame a case which this Court will review.

The sentence lifted out of context follows a paragraph in which the Supreme Court of Illinois states the history of the discovery of "1068" (R. 294), and when the facts are considered it becomes clear that the Court was saying merely that petitioner appropriated the secrets of the "237" discovery in making his "1068" discovery. There is no question that "1068" is a new composition of matter nor is there any question that "237" is a component part of "1068". When chlorine atoms were added to the compound $C_{10}H_6Cl_6$, as suggested by petitioner, its structure was changed and a new composition of matter with the empirical formula $C_{10}H_6Cl_8$ resulted. The toxicity and stability of "237" was greatly increased by this chemical reaction and a new and valuable insecticide was discovered. Petitioner, Julius Hyman, claimed to be the inventor of "1068" and respondent has never disputed it. When the facts are considered, it is true that several of respondent's research chemists contributed to the discovery of "237", a component of "1068", and that is all the Supreme Court of Illinois meant to say in the criticized sentence.

How a court rules and not how it reasons is what controls. (*Brown* v. *Coon*, 36 Ill. 243, 246; *Cohens* v. *Virginia*, 6 Wheaton 264, 399; *Osaka Shosen Line* v. *United States*, 300 U. S. 98, 103.) The Supreme Court of Illinois ruled that Julius Hyman had legal title to the four applications

here in dispute and that he was bound by contract and by his fiduciary relations with Velsicol Corporation to assign these applications. In reaching this conclusion it decided the only issue before it and it decided that issue by the application of general principles of law and equity. This Court will not undertake to correct the language used by the Supreme Court of Illinois in reaching its decision, even though it disagrees with some of the language. The authority of this Court "is to correct wrong judgments, not to revise opinions". (*Herb* v. *Pitcairn*, 324 U. S. 117, 126.) Where a claim of right is unaffected by anything found in the Constitution, laws or treaties of the United States, this Court has said that it is without power to review the state court decision. "Whether decided well or otherwise by the state court we have no authority to inquire". *Murdock* v. *City of Memphis*, 20 Wallace 590, 638.

"REASONS FOR GRANTING THE WRIT."

The first three "reasons for granting the writ" urged by petitioner rest on the false premise that the Supreme Court of Illinois has held the Hyman patent applications void. We have already demonstrated that there was no such issue in the case presented by the pleadings or by anything that occurred at the trial, that no such question was presented to the Supreme Court of Illinois, and that it did not make any such determination.

The fourth reason assigned rests on the belated attempt to challenge the decree of the Superior Court of Cook County, Illinois, on the ground that it violates some undefined constitutional right of petitioner. No such point was made in the Superior Court nor in the Appellate Court nor in the Supreme Court of Illinois. There was an attempt to make the point in the petition for rehearing in

the Supreme Court of Illinois but this was too late. This Court will not consider a claim arising under the Constitution of the United States which was not presented to the state courts for determination.

The fifth reason assigned is a mere assertion without support in the record. The Illinois Supreme Court did not determine federal questions of any character. No questions resting on the interpretation or application of the Constitution or statutes of the United States were presented to the Supreme Court of Illinois for determination.

BRIEF IN OPPOSITION TO PETITION.

I.

The repeated assertion that "Velsicol 1068" is valued at $4,000,000 to $5,000,000 (pet. pp. 3, 8, 9) is immaterial if it were supported by proof. When the proposition of selling respondent to Sun Chemical Company was being considered, Hyman, petitioner here, asked Regenstein, the president of respondent, whether he would take $4,000,000 in stock of Sun for the whole of respondent, and Regenstein said "I would take it and run." (R. 143.) Hyman expressed the opinion in response to a question by the Master that he valued the invention at $5,000,000, (R. 243) but Regenstein, when pressed for an opinion by the Master, stated that the product was still in the experimental stage, that only a small amount of it had been made and marketed, that it had not been determined what it would cost to produce it and what the demand for it would be, and that while it appeared to have great possibilities its value was still problematical. (R. 244.) Neither of the trial lawyers asked any questions about value. It was not an issue on the trial.

The contention that the Illinois Supreme Court by its decision has confined the manufacture of "Velsicol 1068" to respondent's Illinois plant (pet. pp. 3, 9) is mystifying. If respondent is the owner of the "1068" invention, it has the right to prevent petitioner from competing with it, as the Illinois Supreme Court has determined. Certainly, under the facts in this case and the settled law of the land, petitioner has no right to fraudulently appropriate respondent's secret formulas and processes to his use and benefit and to the use and benefit of his creature, Julius Hyman & Company. *Standard Parts Co.* v. *Peck*, 264 U. S. 52; *Wireless Specialty Co.* v. *Mica Condenser Co.*, 239 Mass. 158.

Muncie Gear Works v. *Outboard, Marine & Mfg. Co.*, 315 U. S. 759, and *Schriber-Schroth Co.* v. *Cleveland Trust Co.*, 305 U. S. 47, do not have the slightest application to the situation at bar. These were suits for patent infringement in federal courts and the authority of this Court to grant certiorari to review a decision of a federal court is quite different from the authority of this Court to grant certiorari to review a decision of a state court.

II.

The contention that the Supreme Court of Illinois has usurped the jurisdiction of federal courts has no support in the record, as we have already demonstrated. There was no claim in this case throughout the proceedings in the state courts that petitioner had any title, right, privilege or immunity granted or secured by the Constitution, treaties or statutes of the United States. The claim of petitioner was that he was not under obligation by reason of an express agreement with respondent or by reason of his fiduciary relation to respondent and his course of conduct as executive head of respondent to assign the patent applications here in dispute, and this claim was

of necessity determined by general principles of law and equity.

Anderson v. *Carkins,* 135 U. S. 483, *Nutt* v. *Knut,* 200 U. S. 12, and other cases cited to this point (pet. p. 10), involved claims or defenses based on federal statutes, and the decisions of the cases necessarily involved the validity or application of the statute. Since neither the application nor validity of a federal statute is involved in this case, the cited cases are not in point.

The assertion that foreign patents covering "1068" were issued in 1946 and 1947 (pet. p. 5, 12) and the assertion that the structural and empirical formulas for "1068" were published by the Department of Agriculture (pet. pp. 6, 12) have no support in the record. The document attached as an exhibit to the petition is not in evidence. Even if there were proof of these assertions, petitioner would not be relieved of his obligations to respondent. *Shellmar Products Co.* v. *Allen-Qualley Co.,* 87 F. 2d 104, c. d. 301 U. S. 695; *Hoeltke* v. *C. M. Kemp Mfg. Co.,* 80 F. 2d 912; *Schavoir* v. *American Rebonded Leather Co.,* 104 Conn. 472; *Vulcan Detinning Co.* v. *American Can Co.,* 72 N. J. Eq. 387.

The only disclosures that have been made respecting the "1068" invention have been made by petitioner since he left the employ of respondent and carried away with him its secret formulas and processes and appropriated them to his use and benefit and to the use and benefit of Julius Hyman & Company. (R. 242.) Respondent has scrupulously guarded the secrets of "1068". (R. 112, 179.) Petitioner testified that while he was the executive head of respondent great care was exercised to keep secret not only the formulas but the method of manufacture of "1068". (R. 117, 119.)

Smith & Griggs Mfg. Co. v. *Sprague,* 123 U. S. 249, and other cases cited (pet. p. 12) relate to situations where there was public use of a discovery for a long period prior

to the filing of an application for patent. There are no such facts in the case at bar. There was no disclosure to the public respecting "1068" prior to the filing of the Hyman applications in 1945 and 1946. Since no question has been raised or could be raised in the state courts respecting petitioner's sole inventorship of "1068", all of the argument resting on the premise that some new application must be filed by non-existing co-inventors is knocking down a straw man erected for the purpose.

III.

Kennedy v. *Hazelton*, 128 U. S. 667, applies a rule of law that has been acknowledged and followed throughout the course of this litigation. The respondent, by filing the complaint to compel petitioner to assign the patent applications here in dispute, as well as by the allegations of its complaint, acknowledged that he was the sole inventor of "1068". Petitioner, by his answer and by his exceptions to the Master's report and by his arguments in the Superior Court, the Appellate Court and the Supreme Court of Illinois, maintained that there was no question in the case respecting the inventorship of "1068" or the title to the patent applications which respondent sought to compel petitioner to assign to it by virtue of the obligations arising out of his express agreement and out of his confidential relations with respondent. No federal question was presented in the Illinois courts and the decision of the Supreme Court of Illinois rests solely on independent state grounds.

IV.

There was no contention in the Superior Court of Cook County that the decree entered by that Court violated any constitutional right of petitioner and the Appellate Court of Illinois, to which petitioner took his appeal, had no

jurisdiction to determine a constitutional question, and so none was presented there. In this state of the record, no constitutional question could have been presented to the Supreme Court of Illinois and no such question can be presented to this Court.

Allgeyer v. *Louisiana*, 165 U. S. 578, and *Smith* v. *Texas*, 233 U. S. 630, involved arbitrary legislation respecting freedom of individual action, and in both cases constitutional questions were squarely presented to the state courts and decided by them. These cases have no application to the situation at bar.

It has been uniformly held by this Court and by all courts that have considered the question that one who has acquired knowledge in trust cannot breach the confidence reposed in him, to the injury of the one reposing the confidence, and appropriate the secrets disclosed to him to his own use and benefit. *DuPont De Nemours Powder Co.* v. *Masland*, 244 U. S. 100, 102; *Standard Parts Co.* v. *Peck*, 264 U. S. 52, 59; *Houghton* v. *United States*, 23 F. 2d 386, 390; *Tennessee Copper & Chemical Corp.* v. *Martin*, 4 F. Supp. 38, aff'd. 66 F. 2d 187, c. d. 290 U. S. 683; *New Jersey Zinc Co.* v. *Singmaster*, 4 F. 2d 967, aff'd. 71 F. 2d 277, c. d. 293 U. S. 591; *Davis* v. *Hamlin*, 108 Ill. 39, 45-49; *MacBeth-Evans Glass Co.* v. *Schnelbach*, 239 Pa. 76; *National Development Co.* v. *Gray*, 316 Mass. 240; *Guth* v. *Loft, Inc.*, 23 Del. Ch. 240; *Westervelt* v. *National Paper & Supply Co.*, 154 Ind. 673.

In the *Masland* case this Court said (244 U. S. 102):

> "Whether the plaintiffs have any valuable secret or not the defendant knows the facts, whatever they are, through a special confidence accepted. The property may be denied but the confidence cannot be. Therefore the starting point for the present matter is not property or due process of law, but that the defendant stood in confidential relations with the plaintiffs, or one of them. These have given place to hostility, and the first thing to be made sure of is that the defendant

> shall not fraudulently abuse the trust reposed in him. It is the usual incident of confidential relations. If there is any disadvantage in the fact that he knew the plaintiffs' secrets he must take the burden with the good."

The provisions of the decree restraining petitioner "from using the processes, formulas and products covered by said applications" and "from disclosing said processes, formulas and products to anyone other than plaintiff, and from assigning said applications to or permitting the use of said processes, formulas or products by anyone other than plaintiff, and from using or revealing any processes, formulas or products and methods and technique of manufacture discovered by or made known to him while he was in the employ of plaintiff or which he has learned from any other person now or formerly in the employ of plaintiff" (R. 82), which are challenged by petitioner as an unconstitutional invasion of his liberty, are valid and proper restrictions of his liberty, under the facts in this case, even though the constitutional question had been presented to the Illinois courts and had been determined against him. (*Hulse* v. *Bonsack Machine Co.*, 65 Fed. 864, 868; *Paley* v. *DuPont Rayon Co.*, 71 F. 2d 856, 858; *O. & W. Thum Co.* v. *Tloczynski*, 114 Mich. 149.) The Illinois Supreme Court held that the agreement petitioner signed is equitable and enforcible. (R. 296.)

Certainly the language employed in the decree refers only to the secret processes, formulas and products which are covered by petitioner's express agreement with respondent. Petitioner is restrained only from taking and appropriating to his use and benefit the property of respondent. His liberty to employ his general knowledge and experience is in nowise restricted. The fanciful afterthought which petitioner seeks to present here has no support in the record nor in any authority cited by petitioner.

Conclusion.

Petitioner, by attempting to get this case reviewed in this Court, is seeking to delay a decision in this case and in a case pending in the District Court of the City and County of Denver, Colorado, where a decree has been entered enjoining Julius Hyman & Company and certain individual defendants, including petitioner here, from appropriating the "1068" secrets to their use and benefit.

The Supreme Court of Illinois has not decided a federal question of substance nor has it decided a case not in accord with the applicable decisions of this Court. The decision of that Court rests on adequate and independent state grounds and under the decisions of this Court there is no authority for further review.

Velsicol Corporation, respondent, prays that this petition may be dismissed or denied for the reasons stated in this answer.

Respectfully submitted,

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